

Gentlemen,

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**Mark White**

**From:** Mark White [mwhite@victoryenergyinc.com]  
**Sent:** Wednesday, March 24, 2004 5:17 PM  
**To:** 'Levstek, Dan'; Kang Stephen (skang@eriepower.com); Doremus George (gdoremus@eriepower.com); Gdaniec Bob (rgdaniec@eriepower.com)  
**Cc:** Viskup John (jviskup@victoryenergyinc.com)  
**Subject:** RE: Completed Annex

Gentlemen,

Based on our recent discussions relative to a technology purchase through Rule 363, the Amendment as provided would not be appropriate for this purpose. A document outlining the sale of the technology requires development. However, the Annex #2 could be utilized to define the technology purchase. In this regard, we have the following comments to the Annex.

**Annex 2**

**Boiler Technology**

The following VEO language is to be included as an introduction to this section.

"In exchange for compensation as stated within the Agreement, Erie Power Technologies, Inc. (EPTI) agrees to transfer title to or otherwise provide rights on an exclusive basis to Victory Energy Operations, LLC. (VEO), within \_\_\_\_\_ days from the execution of this agreement".

**Boiler Technology**

**Paragraph #1**

This paragraph requires modification as it limits the purchase to that of the "M" Series and is to be expanded to include "O" type boilers. It has always been the intention of VEO to purchase the "O" boiler technology which includes the "M" Series boilers. The purchase of the "O" Series would enable VEO to be the sole and exclusive owner of the technology up to the capacity range. Without this provision, EPTI could sale the "O" boiler technology as it pleases creating other competitors or compete directly against VEO.

The pressure range is misstated within this paragraph, the License Agreement allows VEO to market and sell units up to 1,200 psig.

**Paragraph #2**

OK

**Paragraph #3**

OK

**Paragraph #4**

Additional "D" boilers have been provided by EPTI which include the NEPCO Saha Cogen and Rojana Power Company projects. Please expand this paragraph to include the additional units these units.

**Drawings and Information**

Ok

**Paragraph #2**

Expand to include the NEPCO Saha Cogen and Rojana Power Company projects.

**Computer Hardware**

VEO is in need of the program source codes as a canned program places VEO at great risk should the software ever become damaged, EPTI is sold or is liquidated. It is not the intention of VEO to resale the program and is agreeable to the addition of a provision within the agreement that would offer EPTI adequate protection.

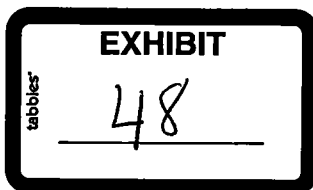
**Technical Support**

Expand to six months with fixed hourly rates for any support thereafter as is stated within the License Agreement.

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Gentlemen,

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**Additional Item**

Please add the following to the end of this Annex.

**Use of the Keystone Name**

As a part of this agreement, VEO shall be granted a perpetual license for use of the name "Keystone".

-----Original Message-----

**From:** Levstek, Dan [mailto:dlevstek@eriepower.com]  
**Sent:** Wednesday, March 24, 2004 11:06 AM  
**To:** Mark White  
**Cc:** Viskup John; Doremus, George; Kang, Stephen  
**Subject:** RE: Completed Annex

Mark/John:

Attached is the marked-up Agreement with our comments. We would propose it to be an amendment to the existing license agreement with the option to purchase included. This would allow the portions of the license that are not changed to remain in place if the purchase option is not exercised.

Regards,  
Dan Levstek

-----Original Message-----

**From:** Mark White [mailto:mwhite@victoryenergyinc.com]  
**Sent:** Wednesday, March 03, 2004 4:24 PM  
**To:** Kang, Stephen; Levstek, Dan  
**Cc:** Viskup John  
**Subject:** FW: Completed Annex

Stephen & Dan,  
In my haste to submit the Annex I failed to incorporate several of my comments. I have made the necessary changes to the Annex a copy of which is enclosed. We apologize for this inconvenience.  
Regards,  
Mark White

-----Original Message-----

**From:** Mark White [mailto:mwhite@victoryenergyinc.com]  
**Sent:** Wednesday, March 03, 2004 1:44 PM  
**To:** Kang Stephen (skang@eriepower.com); Levstek Dan (dlevstek@eriepower.com)  
**Cc:** Viskup John (jviskup@victoryenergyinc.com)  
**Subject:** Completed Annex

Stephen & Dan,  
A draft of the annex is enclosed for your review and comment.  
Regards,  
Mark White

3/24/2004

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